

Part Two: W-2 and Related Programs Plan

Section Three: Budget and Expenditure/Participant Service Level Plan

1. BUDGET AND EXPENDITURE/PARTICIPANT SERVICE LEVEL PLAN RESPONSE ITEMS

This Section of the W-2 and Related Programs Plan addresses the W-2 Contract Agency's budget and plan for expenditures and enrollment during the first two-year period of the contract.

1.1 Budgets

Summary:

Contract allocations are established for each geographic area based on caseload information and available funding. See Appendix A of these Instructions for the preliminary allocations by geographic area. Final allocations will be made available after passage of the Biennial Budget for 2005-2007.

The W-2 and Related Contracts will be reimbursement-based up to the contract amount. The W-2 Contract Agency must specify its budgeted costs. Total costs must not exceed the amount identified as the Base Allocation for the geographic area in Appendix A of these Instructions.

The allocation stipulations for the 2006-09 W-2 and Related Programs Contract are contained in Appendix A of these Instructions and are specific to the first two (2) year period of the contract. W-2 Contract Agencies are required to comply with the funding information.

W-2 Contract agencies whose CSJ caseload reaches fifty (50) or more for three (3) consecutive months will be subject to Incentive Based Contracts. In an Incentive Based Contract twenty percent (20%) of the administration and services reimbursement funding must be earned through achieving specific program outcomes. The twenty percent (20%) is for reimbursement of allowable costs, but is not released unless the program outcomes are met.

Budget Stipulations: The following budget stipulations are provided to emphasize the rigorous oversight of expenditures the Department will provide in the following areas:

- **Advertising Costs:** Advertising costs are not allowable except for notifications related to the administration of the program such as for requests for proposals, recruitment purposes or legal notices. Expenditures for allowable advertising activities will be limited to a capped percentage level of the contracted services and administration amounts utilizing comparable

human/social service and employment and training agencies as a reasonable test for need. The Department will establish the capped level and notify the agency of such on or before October 28, 2005.

- **Promotional Costs:** Expenditures for promotional activities will be limited to activities directed to participant awareness of your agency's specific programs, location, notification of Job Fairs and other efforts related to participant access to the services of your program. Other promotional activities of the agency will not be allowable. Expenditures for allowable promotional activities will be limited to a capped percentage level of the contracted services and administration amounts utilizing comparable employment and training agencies and human/social service as a reasonable test for need. The Department will establish the capped level and notify the agency of such on or before October 28, 2005.
- **Legal Services Costs:** Private agencies may only procure and incur legal costs on a billable hours basis. Costs for a legal retainer agreement in which funds are paid for the availability of a lawyer will not be allowed.
- **Rent:** Rent costs must be at fair market value for the area of location.
- **Telecommunications Costs:** Costs for telecommunications, including ongoing operations costs and one-time installation or procurement costs will be controlled. Expenditures for allowable telecommunications will be limited to a capped percentage level of the contracted services and administration amounts utilizing comparable human/social service and employment and training agencies as a reasonable test for need. The Department will establish the capped level and notify the agency of such on or before October 28, 2005.

W-2 Contract Agencies will be required to report expenditures in each of the above areas on a monthly basis.

While these Instructions request RFS Agencies to submit proposed budgets for these areas at this time, the Department reserves the right to require W-2 Contract Agencies to make adjustments in their actual budgets so that costs for these and other areas are within the Department's policies.

Response Items:

- a) Submit a two (2) year budget for the 2006-07 period, including separate detailed W-2 program budgets for administration, services and benefits (if applicable to the agency type) costs broken out by reporting code. See Form 2.
- b) Submit W-2 budgets for the first two (2) years of the contract period for the following expense items. Describe what is included in each one. Approval of these proposed costs will be separate from approval of a contract, and is required prior to the expenditure of funds.
 - 1) Advertising costs

- 2) Promotional costs
 - 3) Telecommunication costs
 - On-going operations costs such as monthly phone service
 - One-time costs such as installing a new phone system
 - 4) Legal services
 - 5) Rent
- c) If space is rented, identify the square footage rented, the cost per square foot and its use. For each site, identify how much space and related office costs are allocated to the W-2 Program and what methodology is used to allocate the costs. Indicate if cost per square foot is all inclusive (utilities, maintenance services) or if paying separate for any of those. In addition, identify if any of the space is rented from a related party.

1.2 Expenditure/Participant Service Level Plan

Summary:

The W-2 Contract Agency must plan for expenditures and participant service levels for the first two (2) years of the contract. The W-2 Contract Agency will not be reimbursed for costs faster than the average per month amount of the contract plus advances using the first 24-month period of the contract.

Response Item:

W-2 Contract Agencies selected for the next contract period will be required to submit an Expenditure and Participant Service Level plan for the twenty-four (24) month period of the contract to their Contract Manager by January 1, 2006. A form will be provided.